CohnReznick

Fischer I, LLC

Financial Statements
(with Supplementary Information)
and Independent Auditor's Report

December 31, 2012 and 2011

Fischer I, LLC

Index

Independent Auditor's Report

To the Members
Fischer I, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of Fischer I, LLC, which comprise the balance sheet as of December 31, 2012, and the related statements of operations, members' equity (deficit) and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fischer I, LLC as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Fischer I, LLC as of December 31, 2011, were audited by other auditors whose report dated April 27, 2012, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2012 supplementary information on pages 21 through 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The 2011 supplementary information on pages 21 through 23 was subjected to the auditing procedures applied in the 2011 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2011 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 16, 2013, on our consideration of Fischer I, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Fischer I, LLC's internal control over financial reporting and compliance.

CohnReznick LLP

Charlotte, North Carolina
April 16, 2013

Fischer I, LLC

Balance Sheets

December 31, 2012 and 2011

Assets

	2012	2011
Current assets		
Cash	$ 63,733	$ 27,202
Tenant accounts receivable	3,458	1,915
Accounts receivable - other	8,606	592
Prepaid expenses	2,273	2,910
Total current assets	78,070	32,619
Restricted deposits and funded reserves		
Tenant security deposits	1,500	2,600
Replacement reserve	46,236	46,052
Total restricted deposits and funded reserves	47,736	48,652
Rental property		
Building and improvements	3,654,063	3,654,063
Land improvements	261,845	261,845
Furniture and equipment	66,625	66,625
	3,982,533	3,982,533
Accumulated depreciation	(818,517)	(708,930)
Total rental property	3,164,016	3,273,603
Other assets		
Tax credit monitoring fees	1,124	1,257
Other assets	50	50
Total other assets	1,174	1,307
Total assets	$ 3,290,996	$ 3,356,181

(continued)

Fischer I, LLC

Balance Sheets - Continued

December 31, 2012 and 2011

Liabilities and Members' Equity (Deficit)

	2012	2011
Current liabilities		
Accounts payable	$ 7,389	$ 5,060
Accrued expenses	78,431	40,481
Asset management fee payable	14,063	11,563
Developer fees payable	231,036	231,036
Due to related parties	687,322	687,322
Total current liabilities	1,018,241	975,462
Deposits and prepaid liability		
Tenant security deposits	4,800	3,300
Total deposits and prepaid liability	4,800	3,300
Long-term liabilities		
Notes and accrued interest payable - related	2,380,683	2,284,325
Total long-term liabilities	2,380,683	2,284,325
Commitments	-	-
Members' equity (deficit)	(112,728)	93,094
Total liabilities and members' equity (deficit)	$ 3,290,996	$ 3,356,181

See notes to financial statements

Fischer I, LLC

Statements of Operations

Years ended December 31, 2012 and 2011

	2012	2011
Revenue		
Rental income	$ 164,393	$ 164,966
Vacancies and concessions	(11,500)	(14,252)
Other operating income	8,121	191,151
Total revenue	161,014	341,865
Operating expenses		
Salaries and employee benefits	48,129	53,032
Repairs and maintenance	25,280	29,659
Utilities	33,355	34,085
Property management fee	8,400	8,187
Property insurance	27,305	30,593
Miscellaneous operating expenses	15,972	17,535
Total operating expenses	158,441	173,091
Net operating income (loss)	2,573	168,774
Other income (expense)		
Interest income	185	247
Annual fee to affiliate of limited partner	(2,500)	(5,000)
Other related party fees and expenses	(96,360)	(92,687)
Depreciation	(109,587)	(110,169)
Amortization	(133)	(133)
Total other income (expense)	(208,395)	(207,742)
Net loss	$ (205,822)	$ (38,968)

See notes to financial statements

Fischer I, LLC

Statements of Members' Equity (Deficit)

Years ended December 31, 2012 and 2011

	Managing Member	Investor Member	Total Members' Equity (Deficit)
Balance, January 1, 2011	$ (19)	$ 132,081	$ 132,062
Net loss	(4)	(38,964)	(38,968)
Balance, December 31, 2011	(23)	93,117	93,094
Net loss	(21)	(205,801)	(205,822)
Balance, December 31, 2012	$ (44)	$ (112,684)	$ (112,728)
Members' percentage of losses	0.01%	99.99%	100.00%

See notes to financial statements

Fischer I, LLC

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Net loss	$ (205,822)	$ (38,968)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	109,587	110,169
Amortization	133	133
Changes in:		
Tenant accounts receivable	(1,543)	6,101
Accounts receivable - other	(8,014)	(592)
Prepaid expenses	637	2,986
Accounts payable	2,329	(9,930)
Accrued expenses	37,950	38,399
Tenant security deposits	2,600	700
Prepaid rent	-	(1,172)
Accrued interest, notes payable to HANO	96,358	92,687
Asset management fee payable	2,500	5,000
Net cash provided by operating activities	36,715	205,513
Cash flows from investing activities		
Expenditures on rental property	-	(178,628)
Change in reserve for replacements	(184)	(135)
Net cash used in investing activities	(184)	(178,763)
Cash flows from financing activities		
Payments to related party	-	(385,388)
Net cash provided by (used in) financing activities	-	(385,388)
Net increase (decrease) in cash	36,531	(358,638)
Cash, beginning	27,202	385,840
Cash, end	$ 63,733	$ 27,202
Supplemental disclosure of cash flow information		
Cash paid for interest	$ -	$ -

See notes to financial statements

Fischer I, LLC

Notes to Financial Statements

December 31, 2012 and 2011

Note 1 - Organization and Nature of Operations

Fischer I, LLC (the Company), a Louisiana limited liability company, was formed in March 2004 to construct, develop and operate a 20-unit apartment project, known as Fischer I Apartments (the Project) in New Orleans, Louisiana. The Project is rented to low-income tenants and is operated in a manner necessary to qualify for federal low-income housing tax credits as provided under Section 42 of the Internal Revenue Code (Section 42).

The managing member is Lune d'Or Enterprises, LLC (the Managing Member). The limited members (the Limited Members) are MMA Special Limited Partner, Inc. (the Special Member) and MMA Fischer I, LLC (the Investor Member). The Company will operate until December 31, 2102 or until its earlier dissolution or termination.

Profits, losses and tax credits are allocated in accordance with the Amended and Restated Operating Agreement, dated January 1, 2005 (the Operating Agreement). Profits and losses from operations and low-income housing tax credits in any one year are allocated 99.99 percent to the Investor Member and 0.01 percent to the Managing Member.

Pursuant to the Operating Agreement, the Investor Member is required to provide capital contributions to the Company totaling $2,079,000, subject to adjustments based on the amount of low-income housing tax credits allocated. As of December 31, 2012 and 2011, the Investor Member had provided cumulative capital contributions in the amount of $1,326,683 and $1,326,683, respectively. As of December 31, 2012 and 2011, no equity adjustments are anticipated.

Fischer I, LLC is a component unit of the Housing Authority of New Orleans (HANO) under the requirements of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. Fischer I, LLC is presented as a discretely presented component unit of HANO as there is a financial benefit/burden relationship with HANO.

Note 2 - Summary of Significant Accounting Policies

Tenant Receivables

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America (GAAP) require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Deferred Fees and Amortization

Tax credit monitoring fees are being amortized using the straight-line method over the fifteen-year tax credit compliance period. Accumulated amortization at December 31, 2012 and 2011 was $876 and $743, respectively.

Estimated amortization expense for each of the five following years through December 31, 2017 and thereafter is as follows:

2013	$	133
2014		133
2015		133
2016		133
2017		133
Thereafter		459
Total	$	1,124

Rental Property

Rental property is recorded at cost. Depreciation of rental property is computed primarily using the following methods and estimated useful lives:

	Method	Estimated useful lives
Building and improvements	Straight - line	40 years
Land improvements	Declining - balance	20 years
Furniture and equipment	Declining - balance	10 years

Impairment of Long-Lived Assets

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2012 and 2011.

Rental Income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Company and tenants of the property are operating leases.

Advertising Costs

The Company's policy is to expense advertising costs when incurred.

Income Taxes

The Company has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Company's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2009 remain open.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reporting amounts and disclosures. Accordingly, actual results could differ from those estimates.

Economic Concentrations

The Company operates one property located in New Orleans, Louisiana. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

Note 3 - Restricted Cash

Replacement Reserve

Pursuant to the Operating Agreement, the Managing Member shall establish a reserve account for capital replacements, funded by monthly deposits of $417, increasing annually by the Consumer Price Index commencing on the completion date. As of December 31, 2012 and 2011, the replacement reserve balance was $46,236 and $46,052, respectively.

ACC Subsidy Reserve

Pursuant to the Operating Agreement, the Company shall establish a reserve account equal to $33,627 as set forth in the Regulatory and Operating Agreement between the Company and HANO. Funds in the ACC Subsidy Reserve may be used to pay operating expenses subject to approval and consent of the Investor Member. As of December 31, 2012 and 2011, no amounts have been funded.

Operating Reserve

Pursuant to the Operating Agreement, the Managing Member is required to establish an operating reserve in a separate reserve account to fund operating expenses, to the extent required, subject to any requisite approvals and to the consent of the Investor Member. As of December 31, 2012 and 2011, no amounts have been funded.

Note 4 - Operating Deficit Guaranty

Pursuant to the Operating Agreement, the Managing Member has guaranteed to fund, without limitation, all operating deficits, as defined. Amounts so furnished to fund operating expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions and amounts furnished on or after the Development Obligation Date shall constitute Operating Expense Loans, as defined. Any such Operating Expense Loans shall not bear interest and are repayable only as provided for in the Operating Agreement. As of December 31, 2012 and 2011, there were no guaranty amounts due or payable.

Note 5 - Related Party Transactions

Operating Subsidy from HANO

During 2012 and 2011, the Company received rent assistance subsidy from HANO in the amount of $58,885 and $31,798, respectively. In addition, during 2011, the Company received operating subsidy from HANO to pay for building improvements in the amount of $178,628.

Due to affiliates consists of the following at December 31, 2012 and 2011:

	2012	2011
Asset Management Fee Payable Pursuant to the Operating Agreement, an annual cumulative asset management fee in the amount of $2,500 per annum is incurred. To the extent that it is not paid in full in any fiscal year, it shall accrue and be payable in the future. During 2012 and 2011, fees of $2,500 and $5,000, respectively, were charged to operations, which included an adjustment for prior year fees that were not recorded.	$ 14,063	$ 11,563
Developer Fee Payable The Company entered into a development agreement with Crescent Affordable Housing Corporation (CAHC), an affiliate of the Managing Member. The agreement provides for a development fee and overhead in the amount of $279,026 for services in connection with the development of the Project and supervision of the construction. Payments of the development fee are to be made from designated proceeds or from development advances, as defined in the Operating Agreement and the Development Services Agreement, respectively.	$ 231,036	$ 231,036

	2012	2011
Due to Related Parties		
The Company owed amounts to Fisher III, LLC, a related party of the Managing Member, for costs related to the construction of the Project. The costs were paid by Fischer III, LLC on behalf of the Company during the development phase of the Project. Related party payables bear no interest, are collateralized by the Project, and are payable from remaining mortgage proceeds, capital contributions, and available cash flows from the Project.	$ 579,711	$ 579,711
As of December 31, 2012 and 2011, the Company owed HANO for advances related to miscellaneous costs associated with the construction of the Project. Related party payables bear no interest, are collateralized by the Project, and are payable from remaining mortgage proceeds, capital contributions, and available cash flows from the Project.	107,611	107,611
Total due to related parties	$ 687,322	$ 687,322

Note 6 - Related Party Loans and Notes Payable

Notes payable to related parties consists of the following:

	2012	2011
Capital Funds Note		
During 2005, the Company entered into a Capital Funds Note with HANO to provide financing for the development of the Project. During 2007, there was an addition to the balance of this loan when HANO reimbursed JPMorgan Chase Bank for an outstanding construction loan, on behalf of the Company. The loan bears interest at the long term applicable federal rate, which was 4.68% at the time the loan was funded, and is collateralized by the Project. All unpaid principal and interest is due on January 31, 2060, and payments on the loan are to be made from surplus cash. As of December 31, 2012 and 2011, the balances of the HANO Capital Funds Note are included in notes and accrued interest payable - related party in the accompanying balance sheets. Interest incurred during the years ending December 31, 2012 and 2011 was $83,453 and $79,722, respectively.	$ 1,424,059	$ 1,424,059
Accrued interest payable	442,570	359,118

	2012	2011
Program Income Note		
On January 20, 2005, the Company entered into a Program Income Construction Mortgage Note with HANO in the amount of $196,300. The loan was obtained in connection with the financing of the acquisition, development, and construction of the Projects and bears interest annually at the long term applicable federal rate, which was 4.76% at the time the loan was funded. The loan is collateralized by the Project, and the entire amount of unpaid principal and interest is due and payable on January 31, 2060. Interest incurred during the years ending December 31, 2012 and 2011 was $12,907 and $12,965, respectively.	196,300	196,300
Accrued interest payable	87,754	74,848
Supplemental Loan		
On November 1, 2006, the Company entered into a Supplemental Loan with HANO in the amount of $130,000. The loan bears no interest and is collateralized by the Project. All unpaid principal is due on November 1, 2061, and payments on the loan are to be made from surplus cash.	130,000	130,000

	2012	2011
Affordable Housing Program Loan		
On November 16, 2005, the Company entered into an Affordable Housing Program Loan with HANO in the amount of $100,000 to assist the Company in financing the Project. The loan bears no interest, and is collateralized by the Project. The loan matures fifteen years from completion of the Project, which occurred on May 27, 2006. The Affordable Housing Program Loan is payable from remaining mortgage proceeds, capital contributions, and available cash flow from the Project.	100,000	100,000
	$ 2,380,683	$ 2,284,325

Note 7 - Contract Subsidy

Twelve units within the Project are eligible to receive operating fund assistance from the Department of Housing and Urban Development through HANO, under Section 9(e) of the United States Housing Act of 1937. During 2012 and 2011, the Company earned operating fund assistance in the amount of $67,159 and $42,894, respectively. This amount is included in rental income in the statements of operations.

Note 8 - Management Agreement

Beginning in March 2011, the Company entered into an agreement with Guste RMC, LLC, in connection with the management of the rental operations of the Project. The property management fee is calculated in the amount of $35 per occupied unit per month. Total management fees incurred under this agreement during 2012 and 2011 was $8,400 and $6,650, respectively.

The prior management agreement was with Latter & Blum Property Management, Inc. The property management fee was $30 per occupied unit per month for which rent was actually received. During 2011, $1,537 was incurred and paid under that agreement.

Note 9 - Ground Lease

The Company entered into a Ground Lease Regulatory Agreement (the Ground Lease) with HANO. The Company is bound by the responsibilities and obligations of the Ground Lease. Under the Ground Lease, annual rent of $10 is due and payable for each lease year in advance on the first day of each lease year. The lease term ends at the latest to occur of (1) the expiration of the minimum period during which the Public Housing Units are required by law to be operated as public housing, (2) 40 years from the date the Project becomes available for occupancy, and (3) 89 years. The lease also has provisions extending the ground lease, but in no event will the lease extend beyond 95 years.

Note 10 - Concentration of Credit Risk

The Company maintains its cash balances in several accounts in one bank. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2012.

Note 11 - Commitments and Contingencies

The Project's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

Note 12 - Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of Fischer I, LLC through April 16, 2013 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Fischer I, LLC

Schedules of Certain Revenue and Expenses

Years ended December 31, 2012 and 2011

	2012	2011
Rental income		
Rent revenue - gross potential	$ 164,393	$ 164,966
Total rental income	$ 164,393	$ 164,966
Vacancies and concessions		
Apartments vacancies	$ 11,500	$ 14,252
Total vacancies and concessions	$ 11,500	$ 14,252
Other operating income		
Tenant charges	$ 300	$ 455
Other operating subsidy received from HANO	-	178,628
Miscellaneous other income	7,821	12,068
Total other operating income	$ 8,121	$ 191,151
Salaries and employee benefits		
Salaries - administrative	$ 33,759	$ 39,411
Salaries - maintenance	10,520	7,664
Payroll taxes	3,850	5,477
Health insurance and other benefits	-	480
Total salaries and employee benefits	$ 48,129	$ 53,032
Repairs and maintenance		
Supplies	$ 448	$ 4,048
Repairs and maintenance - contracts	20,563	23,106
Miscellaneous maintenance expenses	4,269	2,505
Total repairs and maintenance	$ 25,280	$ 29,659

(continued)

Fischer I, LLC

Schedules of Certain Revenue and Expenses - Continued

Years ended December 31, 2012 and 2011

	2012	2011
Utilities		
Electricity	$ 2,351	$ 3,993
Water	19,964	23,740
Trash removal	11,040	6,352
Total utilities	$ 33,355	$ 34,085
Miscellaneous operating expenses		
Telephone and answering service	$ -	$ 777
Miscellaneous administrative	1,415	5,139
Advertising and newspaper	-	430
Legal	2,972	1,442
Audit	5,835	5,835
Accounting	5,750	3,751
Other professional fees	-	161
Total miscellaneous operating expenses	$ 15,972	$ 17,535
Other related party fees and expenses		
Interest expense - related party loans	$ 96,360	$ 92,687
Total other related party fees and expenses	$ 96,360	$ 92,687

Fischer I, LLC

Depreciation Expense and Accumulated Depreciation
By Class of Rental Property

Years ended December 31, 2012 and 2011

	Accumulated Depreciation January 1, 2011	Depreciation Expense	Accumulated Depreciation December 31, 2011	Depreciation Expense	Accumulated Depreciation December 31, 2012
Building and improvements	$ 456,499	$ 89,438	$ 545,937	$ 91,353	$ 637,290
Land improvements	96,730	16,512	113,242	14,860	128,102
Furniture and equipment	45,532	4,219	49,751	3,374	53,125
	$ 598,761	$ 110,169	$ 708,930	$ 109,587	$ 818,517

Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Members
Fischer I, LLC

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Fischer I, LLC, which comprise the balance sheet as of December 31, 2012, and the related statements operations, members' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon April 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fischer I, LLC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fischer I, LLC's internal control.. Accordingly, we do not express an opinion on the effectiveness of Fischer I, LLC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Fischer I, LLC's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fischer I, LLC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fischer I, LLC's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Fischer I, LLC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Charlotte, North Carolina
April 16, 2013